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TECHNIQUES THAT SELL U.S. FARM PRODUCTS

U.S.–SOVIET TRADE

THE FOREIGN MARKET FOR U.S. TURKEYS

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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Including FOREIGN CROPS AND MARKETS

NOVEMBER 18, 1963

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Special displays of cotton in department stores abroad, like this one in Rome, help exports of U.S. cotton. (For story on this and other promotion techniques, see p. 10.)

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Our Farm Trade With the Soviet Bloc

Not since the World War II rehabilitation period have sales of U.S. farm products to the European Soviet countries approached this year's potential.

When President Kennedy announced on October 9 that export licenses would be granted to private traders for sales of wheat, feed grains, and other agricultural commodities to the Soviet Union and various Eastern European countries, he opened the door to what will probably be the largest trade with this area since the multi-million-dollar agricultural shipments under Lend-Lease and the postwar relief and rehabilitation programs.

If the 4-million-ton wheat sales materialize, the financial return will amount to around $250 million. To this must be added the $6.5 million to be gained from last month's sale of 4 million bushels of corn to Hungary. This may not be the end either; for the Department of Commerce's Office of Export Control has announced that license applications will be considered for other price-supported agricultural commodities, i.e., barley, grain sorghums, oats, rye, cotton, vegetable oils and tobacco.

How close these sales might approach the wartime peaks is hard to foresee; it is unlikely though that they will exceed them. In the years 1942-46 Lend-Lease and UNRRA (United Nations Relief and Rehabilitation Administration) shipments for our farm commodities to Eastern Europe—principally the USSR—averaged $373 million a year, and in the 2 peak years, 1943 and 1944, $562 million. Agricultural exports to the USSR alone from 1941 through 1946 totaled $1,747 million.

(Today what is referred to as the European Bloc is made up of 11 countries—Albania, Bulgaria, Czechoslovakia, Estonia, East Germany, Hungary, Latvia, Lithuania, Poland, Rumania, and the USSR. Poland, which has been buying food from the United States for several years under Public Law 480, while politically a member of the Bloc, is not subject to the licensing requirements applicable to the other countries.)

Sales to Bloc fall off

After the postwar period, our food shipments to the Bloc fell off drastically, though they remained above prewar levels. In the 1935-39 period U.S. agricultural sales to Eastern Europe averaged $6.6 million annually. In fiscal year 1961 they totaled $162 million, in 1962 they were $89 million, and last year $102 million.

These figures, however, do not give a true picture of the trade, for most of the sales were to Poland under Public Law 480. If Poland is excluded, the average export figure for these 3 years is $18.3 million. This is relatively insignificant in that it accounts for less than 0.5 percent of the 3-year average for our farm exports. Also, it means that if the Bloc buys $250 million worth of wheat, our dollar exports to these countries would be increased more than 13 times.

Imports from the Soviet Bloc are considerably smaller. For the 3 years, 1961 through 1963, they averaged slightly over $35 million. But again, if Poland, which supplies 90 percent of these is excluded, the average drops to $5 million, or less than one-eighth of 1 percent of total U.S. farm imports. So, on balance, this two-way trade is about 3 to 1 in favor of exports.

This article summarizes a report prepared by ALEX D. ANGELIDES and ROBERT L. TONTZ, Statistics and Trade Analysis Branch, Development and Trade Analysis Division, Economic Research Service.

U.S. AGRICULTURAL TRADE WITH THE SOVIET BLOC

Country	U.S. exports			U.S. imports			U.S. trade balance		
	1960-61 [1]	1961-62 [1]	1962-63 [1] [2]	1960-61 [1]	1961-62 [1]	1962-63 [1] [2]	1960-61 [1]	1961-62 [1]	1962-63 [1] [2]
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Albania	0	9	0	29	109	102	-29	-109	-102
Bulgaria	6	6	91	948	976	861	-942	-970	-770
Czechoslovakia	3,147	4,029	3,492	1,667	1,023	1,049	1,480	3,006	2,443
East Germany	1,827	1,728	2,452	8	6	13	1,819	1,722	2,439
Estonia	0	0	0	0	0	0	0	0	0
Hungary	461	499	1,887	802	492	371	-341	7	1,516
Latvia	1,889	2,816	5,976	0	0	114	1,889	2,816	5,862
Lithuania	0	0	0	0	0	0	0	0	0
Poland & Danzig	143,384	69,740	85,585	29,588	33,589	27,748	113,796	36,151	57,837
Rumania	253	216	170	1,519	495	255	-1,266	-279	-85
USSR	11,282	9,555	3,087	1,279	1,479	1,316	10,003	8,076	1,771
Total	162,249	88,589	102,740	35,840	38,169	31,829	126,409	50,420	70,911

[1] Year beginning July 1. [2] Preliminary.

How our Bloc customers rank

Poland in recent years has been the principal European Bloc outlet for U.S. agricultural exports. Last year our shipments of farm commodities to Poland, mainly under Public Law 480, accounted for over 80 percent of total agricultural exports to the Bloc. The leading commodities sold were wheat, grain sorghums, and cotton, followed by barley, inedible tallow, cottonseed and soybean oils, corn, rice, and hides and skins. Meats, including canned cooked hams and shoulders, equaled 84 percent of last year's agricultural imports from Poland; other products were feathers, casein, hides and skins, bristles, poppyseed, carawayseed, and chicory.

Latvia ranks next. Last year this relatively small Communist country took $6 million worth of U.S. farm commodities, chiefly cattle hides. Czechoslovakia was third, with purchases amounting to $3.5 million, and the USSR was fourth, with $3.1 million worth.

Sales to the Soviet Union in fiscal 1963 were substantially below the $10 million worth bought in 1962, and the $11-million sales figure for 1961. The biggest drop was in tallow; sales were down to $437,000 from over $9 million in each of the 2 previous years. Other products bought were hides and skins, live animals, and seed beans.

On the import side, the Soviet Union ranks next to Poland as a supplier of farm products to the United States. Last year it shipped $3.1 million worth, mainly cotton linters and licorice root. Czechoslovokia is the only other European Bloc country selling over $1 million worth to the United States.

Of interest is the U.S.-German trade picture. Before the war, in 1935-39, our farm shipments averaged $43 million. Last year exports to East Germany were $2 million, those to West Germany $361 million. A similar comparison for U.S. imports from Germany shows them at $71 million before the war, and at $29 million from West Germany last year, with little from East Germany.

Controlling exports

No special license is needed to engage in export-import trade, although the U.S. Government does control exports of U.S. farm products to all foreign countries except Canada though the Department of Commerce's Office of Export Control. However, agricultural exports to Communist countries are regulated in a more restrictive manner and are scrutinized to see if they comply with the Export Control Act of 1949.

This Act authorizes the use of export controls to further U.S. foreign policy objectives and to control exports of commodities in short supply in the United States, or the export of those that could be detrimental to this country's national security. At present these controls include an embargo on shipments to Communist China, North Korea, and Communist controlled areas of Viet Nam.

For the 11 European Soviet Bloc countries (also Outer Mongolia) the controls are much broader. Generally, export licenses are approved for shipment of agricultural commodities which are not subsidized by the U.S. Government and are not in short supply in this country. Applications for licenses to ship subsidized commodities may be considered for approval provided payment to the U.S. exporter is made in U.S. dollars or currency convertible into dollars, the exportation is not financed under Public Law 480, and the sale does not involve the exporter in any barter arrangements.

This year's shipments of wheat and other subsidized commodities will follow these lines. When President Kennedy announced that export licenses would be issued to private U.S. merchants selling wheat and other farm products at market prices, he explained that sales would be for gold or dollars, either cash on delivery or normal commercial terms, and that the products shipped were for use in the Soviet Union and Eastern Europe only.

U.S.-SOVIET TRADE IN AGRICULTURAL PRODUCTS

Commodity	1960-61 [1]	1961-62 [1]	1962-63 [1] [2]
	1,000 dol.	*1,000 dol.*	*1,000 dol.*
U.S. exports:			
Live animals	116	130	121
Hides and skins	1,178	244	1,696
Tallow, inedible	9,957	9,176	437
Seed beans	0	0	783
Other agri. products	31	5	50
Total	11,282	9,555	3,087
U.S. imports:			
Licorice root	366	360	408
Essential oils	121	121	72
Sausage casings	0	8	55
Bristles, sorted, bunched, etc.	196	294	138
Cotton linters	514	623	504
Vegetables and preparations	14	28	58
Other agri. products	68	45	81
Total	1,279	1,479	1,316

[1] Year beginning July 1. [2] Preliminary.

EEC To Review Grain Price Proposal

On November 5, the Commission of the European Economic Community proposed a grain price plan to the EEC Council of Ministers that would harmonize Community grain prices on July 1, 1964. At present France has the EEC's lowest grain prices and Germany has the highest prices. If adopted the Commission proposal would raise French wheat and barley target prices by 8 percent and 16 percent respectively. German grain target prices would fall by roughly 11 percent. German producers would be paid a direct subsidy to offset the anticipated fall in farm income.

The proposal would increase the preference to intra-Community trade from the present 1 percent to 7 percent. French exporters would then be selling grains in member countries at intervention prices which were 7 percent below the target prices that third countries were getting for their grain.

The EEC Council of Ministers, which must approve the price plan before it can become effective, began discussing on November 11. The early approval of this proposal will be hampered by France's concern over inflationary effects of a sharp grain-price rise and Germany's reluctance to reduce grain prices.

East Africa's Wheat-Buying Potential

Underdeveloped countries, as they start to industrialize and as the wages and living standards of their people improve, usually become bigger wheat consumers. This has happened in the past and is likely to happen again in the case of the three East African countries — Kenya, Tanganyika, and Uganda.

Occupying some 678,000 square miles and with a combined population of nearly 26 million, these East African countries are consuming around 135,000 metric tons of wheat a year. It is now estimated that by 1968 they will be needing 188,100 tons annually.

Currently East Africa grows most of the wheat it requires. Imports are strictly controlled by legislation, and except in years of poor harvests none are allowed other than small amounts of filler wheat needed to improve the baking strength of local wheats. So the question now is, can the area produce in sufficient quantity to meet this greater consumption?

East Africa is not ideal country for growing wheat. The industry has always been beset with difficulties not the least of which is the persistence of rust calling for expensive research and plant breeding. Furthermore, it is not a crop that lends itself naturally to the traditional pattern of African small-holder farming.

Of the three countries only Kenya and Tanganyika produce wheat. Uganda's climate is unsuitable; its leading crops are cotton and coffee. Kenya is the largest producer and the older; also, its production pattern is quite different from Tanganyika's.

Kenya's wheat output

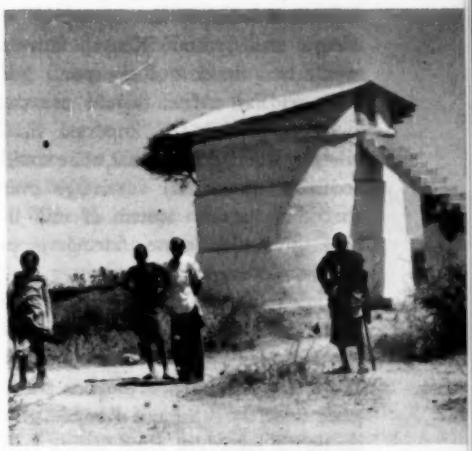
Wheat has been grown in the Highlands of Kenya for 60 years, largely by European farmers operating on a fairly substantial scale and, in recent years, by a few Africans. Actually, African farmers are not interested in wheat; it requires too much capital, is suitable only for relatively large acreages, and essentially is a speculation crop. However, it is known to be government policy to encourage wheat-growing by Africans, and there is no reason to believe that this cannot be successful. Its effects, though, would not be felt before 1966.

Despite political uncertainties in recent years and the departure from Kenya of a few European wheat farmers, production has held up remarkably well—133,000 metric tons last year as against 128,000 in 1959. Yet without government help the wheat industry would probably collapse entirely. Government measures now include a high internal price for wheat, guaranteed minimum returns per acre (GMR), a cash advance of 80 percent GMR, and government contributions toward cost of plant breeding. It is now believed that after the 1963 crop the GMR system will be replaced by some other form of short-term credit which is unlikely to be as favorable to the farmers.

Increase in Tanganyika

The wheat industry of Tanganyika is centered in the Northern Region where two crops a year are grown. Its quality is superior to that of Kenya wheat. In Tanganyika the number of African farms growing wheat are nearly double the European. This is a comparatively recent development dating from 1960 when August Kuenzler, an enthusiastic local Swiss farmer, helped to organize African farmers into cooperatives and to arrange for tractor and combine pools. As a result, African wheat acreage has increased from about 1,000 acres in 1958 to 7,000 this year. European estate acreage has expanded too, but at a slower rate—from 8,000 acres in 1958 to 20,000 this year.

Tanganyika's wheat output, though much smaller than Kenya's, has increased rapidly. In 1958 the territory was harvesting about 4,400 metric tons a year; for 1962 the figure was 9,500, and the estimate for 1963 raises it to 16,000. And this has been achieved without a guaranteed minimum return or other special assistance for the Tanganyika Government. However, the Tanganyika Farmers' Association, whose membership is 44 percent African, arranges short-term finance and handles the crop.



Below, agricultural officer, right, chats with owners of big wheat farm in Tanganyika's highlands. Above, wheat storage bin on an African-owned farm.

Interterritorial trade

European farmers in Kenya have been encouraged in the last 20 years to grow more wheat than the country's own internal market can absorb. Tanganyika grows only a small part of its requirements; Uganda none at all. Thus Kenya has long been the wheat supplier to the area.

In the days when the British Colonial Office directed the destinies of Kenya, Tanganyika, and Uganda, Kenya wheat was sold to the other two territories at Kenya prices plus transportation charges. This policy did not stem entirely from the desire to benefit the pockets of Kenya farmers; reasons of strategy and the need to conserve hard currency reserves of the entire area were also considerations. Nevertheless, in 1959 Tanganyika and Uganda protested, and the Interterritorial Wheat Agreement came into effect.

This agreement had three important stipulations. Tanganyika and Uganda would pay the same price as Kenya mills, and Kenya farmers would bear the cost of transport. All mills in East Africa would use the same proportions of imported hard wheat in their grist so that none could secure a commercial advantage over the other. And a system of mill licensing would insure fair development of milling in each territory.

Thus it follows that as long as this agreement lasts neither Tanganyika nor Uganda may take advantage of a favorable world wheat import parity price until the whole of Kenya's production is taken up.

Currently there is no indication that the agreement will terminate. It is administered by the East African Service Administration, a somewhat loose "common market" setup which links the three countries by a common currency, communications, and certain centrally controlled services such as tax collection and research. Since there is a possibility that the much-discussed East African Federation will be created after Kenya gains its independence on December 12 of this year, none of the countries is anxious to disrupt the foundation on which a true federal structure could be built. And even if this political federation does not materialize as soon as expected, existing East African common market agreements are likely to continue, including arrangements for the common procurement of sugar and wheat from overseas markets, and the Interterritorial Wheat Agreement.

Expansion of milling industry

Through its licensing stipulations the Agreement has had a beneficial effect on the area's milling industry by guaranteeing a uniform product throughout the area. Until 15 years ago wheat milling in East Africa was virtually a monopoly of the Kenya wheat farmers and was operated through the Kenya Farmers' Association. Lately new companies and new modern mills have sprung up.

In 1962 the annual licensed capacity (there are a few unlicensed Indian-operated mills) of East Africa's mills totaled 1.9 million bags of wheat (200 lbs. net), of which 1.3 million were milled in Kenya. Late last year the East African Governments approved increased capacities for the Tanganyika and Uganda mills. Thus by the end of 1964 it is expected that the area will have a milling capacity of almost 2.5 million bags.

Increasing milling capacity to meet consumer needs is no problem, provided there is sufficient capital. Increasing production is not so easily resolved because of the area's terrain, climate, and farming traditions. Yet consumption is increasing. During the 1951-61 period Kenya's annual flour sales buildup was about 3 percent a year, and Tanganyika's 5 percent. In Uganda sales were much more erratic, the country's economy being based on cotton and coffee for which prices fluctuated.

Market potential

The expectations are that consumption will increase at an even faster rate during the next 5 years—especially if a federal relationship is established between Kenya, Tanganyika, and Uganda, which would tend to raise the standard of living and extend the money economy throughout East Africa. Also, it would probably lead to a higher minimum wage and improved rural communications.

There are adverse factors that might slow down this demand for wheat products; i.e., civil strife causing a mass exodus of Europeans and Asians, a breakdown in the economy or of distribution facilities, or successive years of bad crops or low world prices, particularly for cotton and coffee. However, if these unfavorable conditions are discounted, the outlook for East Africa's wheat consumption and production for the next 5 years appears to be one of a steadily widening gap between consumption and production. Thus, if the people of these East African countries are to benefit from an improved economic status, wheat will have to be imported, and the amount should range somewhere between 62,000 tons and 85,000 tons during the years 1964-68.

This article was adapted from a study of the wheat industry of East Africa for Great Plains Wheat, Inc. by Dunform, Hall & Partners Ltd., Nairobi, Kenya.

EAST AFRICA'S ESTIMATED WHEAT CONSUMPTION AND PRODUCTION, 1963-68

Year [1]	Consumption				Production
	Kenya	Tanganyika	Uganda	East Africa	East Africa
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
1962	72.7	40.4	22	135	82
1963	75	43	27	145	166
1964	78	45	28.5	151.5	151.5
1965	81.1	47	30.3	158.4	120
1966	85.2	47	30.3	166.8	145
1967	90.3	52.5	34	175.8	170
1968	96.1	56	36	188.1	(170)

[1] 1963-68, estimated.

Fifty Countries Buy Our Thanksgiving Bird

Next week American families will be sitting down to their Thanksgiving dinner with a plump roasted turkey gracing the table. It has been that way since the first Thanksgiving Day when the Pilgrims gathered to give thanks for a bountiful harvest, and though today's bird bears little resemblance to the wild one of the New England woods, it's still turkey.

Appropriately, the United States produces more turkeys than any other country in the world, and it manages to consume all but 2 to 3 percent of its turkey crop. This small percentage goes abroad, and while the figure does not sound large it involves a lot of turkeys. What's more, these foreign shipments are important to U.S. turkey growers; without them turkey-raising would be less profitable and Americans would probably be paying more per pound for their Thanksgiving turkey.

The United States' export trade in turkeys has mounted rapidly in the last few years. In 1962, 50 foreign countries were markets for U.S. turkeys whereas 10 years ago only four countries were buying them. Also, last year's exports amounted to nearly 37 million pounds compared with around 5 million in 1958.

There has been considerable change in the pattern of this turkey trade. In 1956 Canada was the chief export market for U.S. turkeys. The imposition of an import quota caused a sharp fall in these exports and spurred U.S. efforts to sell turkeys elsewhere. Fortunately, at this time rising incomes and shortages of meat abroad, particularly in Europe, opened up new markets.

Who buys the most

Today West Germany is the leading export market for U.S. turkeys. German housewives became acquainted with cut-up turkey parts when they sought a high-protein substitute for broilers which were limited in supply by import licensing. By fiscal year 1962, just before higher Common Market levies were imposed on turkeys, West Germany was taking 25.5 million pounds a year out of the 35 million pounds exported by the United States.

Last year (fiscal year ending June 30, 1963) after the EEC duty had raised turkey prices 12.59 cents per pound, U.S. exports to West Germany were still substantial—19 million pounds out of the U.S. export total of 30.4 million. This probably reflected abnormally high imports because of pre-duty stockpiling. However, the new levy system, which has curtailed broiler imports, is having a far less serious effect on the turkey market. Turkeys are not subject to an added "supplemental" levy as broilers are. Also, except for England and Ireland, few turkeys are raised in Europe, and so the demand must be met by imports.

The No. 2 market last year was the Netherlands. Turkey purchases of over 3 million pounds showed a big gain over the half million imported in fiscal year 1960. Again, this high import figure can be partly attributed to stockpiling ahead of EEC duty application. Much of this turkey was transhipped to West Germany, but some was used domestically to meet rising hotel and restaurant demand.

Canada ranked third as a market, buying about 1.7 million pounds in fiscal 1963. In the mid-1950's this country was taking from 11 million to 12 million pounds annually. The drop which occurred in 1957 resulted from a move to protect the domestic industry. Canada is the only country besides the United States with a major turkey industry, and since its turkey prices were higher than U.S. prices, a quota was established for U.S. turkeys.

Fourth-ranking market in 1963 was the Bermuda-Caribbean area. This island region catering to a sizable tourist trade took over 1.3 million pounds of U.S. turkey.

By last year four other areas had moved up to where they were importing from a half million to a million pounds of U.S. turkey. These were Italy (over 960,000), Switzerland (over 730,000), Hong Kong (over 580,000), and Austria (472,000).

Various reasons account for these new, growing markets. Switzerland had proved receptive to frozen turkey; it has a highly developed marketing system, with either supermarkets or freezer facilities in every large town and city. Hong Kong, the largest market in the Far East, has a thriving tourist trade and uses turkey in its hotel and restaurant business. Italy and Austria, which became important

Turkeys in a New England barnyard. The United States, with flocks totaling over 90 million, is the world's biggest turkey producer as well as its leading exporter.

outlets as recently as 1961, share Western Europe's prosperity and its increasing interest in fowl.

Outlook is fairly good

Economically, the outlook for U.S. turkey appears favorable. Population numbers are rising, per capita incomes are going up, and all over the world the tourist business is becoming an increasingly important money asset. All of these factors should stimulate the demand for turkey as well as for other fowl and meat.

The future of markets in specific countries is less predictable. In August of this year Canada removed its import quota on U.S. turkeys. This was done because the domestic industry had become more competitive, with increased output and with prices in line with U.S. export prices; consequently, the change may have no market effect on the U.S. turkey trade with that country, unless, of course, Canadian demand exceeds its own supply.

As for the impact of EEC levies on imported turkeys, the situation is still too new to be properly evaluated. During the first 8 months of calendar year 1963 the important West German and Netherlands markets appeared to be as good as they were for the same period in 1961 before the duties were applied. However, the real test comes in the last quarter of the year, which normally is the big season for turkey-buying. What happens in these months will be more indicative of the trade that can be expected with the Common Market countries.

Cotton Loans for Costa Rica

The Japanese Government has offered Costa Rican cotton producers a loan of $10 million for the expansion of cotton production and has promised to purchase all the exportable cotton Costa Rica can produce from this increased credit program.

The Central American Bank is also reported to have granted a Costa Rican firm a $50,000–loan for use in the breeding and development of pedigreed seed of cotton varieties adaptable to that country.

Brazil's Wheat Production Is Down But Its Corn and Rice Are Booming

Production of cereal crops in Brazil during 1962-63 has been unusually good, despite a decrease in wheat output. Biggest increase was in the rice crop, which is 9 percent above that for 1961-62. And the corn crop—up by 8 percent—was so large that Brazil has suddenly become an important corn exporter.

Although various attempts have been made to increase its output, *wheat* remains the principal deficit food item in Brazil. In 1962-63, production prospects were once again dampened, this time by low soil fertility and adverse weather conditions. The crop is now estimated at 240,000 metric tons; 1961-62's was 275,000.

Although production may increase slightly, the wheat outlook for 1963-64 remains grim, owing to drought conditions in southern Brazil during the wheat planting and growing seasons. Reports indicate that the current crop in Rio Grande do Sul, the biggest wheat producing State, was damaged by warm weather, which caused early germination.

Brazil's wheat imports will probably total 2.4 million metric tons in 1963—about the same as those for last year. Most will come from the United States and Argentina.

The 1962-63 rice crop is estimated at 5,980,000 metric tons compared with 5,443,000 in 1961-62. This increase is attributed to favorable weather conditions and better land utilization methods as well as to relatively good prices to producers. (Recent minimum prices were 54-71 percent above last year's.) So far, the outlook for the 1963-64 rice crop is good, and it is estimated at about the same level as the 1962-63 one.

There were no exports of rice during the first half of 1963. Brazil is expected to export about 50,000 metric tons to the USSR in exchange for wheat during the second half. However, Russia's unusually short wheat crop could affect these deliveries.

The 1962-63 record *corn* crop in Brazil surpassed all earlier expectations. It is estimated over 101.1 million metric tons as against the 9.4 million produced in 1961-62. One reason for this increased production was the conversion of land from coffee production to that of corn. Other factors were the extensive distribution of hybrid cornseed and the generally favorable weather during planting and growing seasons.

Corn prospects for 1963-64 may not be so good, however, as the new minimum prices set in September 1962 are not in line with the overall inflation of the cruzeiro; thus farmers may switch some of their corn land to more profitable crops. Also, drought conditions occurred in many parts of the country at planting time.

As a result of the large 1962-63 crop, Brazil has suddenly been faced with a surplus of corn and serious storage problems. This problem is being solved by the admixture of corn flour to wheat flour, increased domestic consumption, and increased exports. Exports during 1963 are expected to total 700,000 metric tons compared with only 6,000 last year.

Israel Boosts Both Farm Output and Export Trade

Israel's crop year which ended on September 30 proved to be a very profitable one for the country's farmers. According to preliminary estimates, output surpassed that of the previous year by more than 15 percent, farmers' incomes rose 17 percent, and farm exports at $87 million were 30 percent above the 1961-62 level.

As usual, citrus fruits constituted the bulk of the country's farm exports. This year though, their share was bigger than ever—84 percent of the total value as against 66 percent the year before. Expanded citrus acreage and higher yields caused production to jump 41 percent.

Noncitrus agricultural exports dropped in both volume and value—from $21.8 million to $13.3 million.

U.S. Prepares for GATT Negotiations

Next spring, the United States will be using for the first time the broad tariff bargaining authority Congress gave it last year.

In May 1964, when U.S. negotiators sit down at the bargaining table in Geneva with representatives from all other Contracting Parties to the General Agreement on Tariffs and Trade, they will be armed with broad new powers to help them secure more liberal treatment for U.S. farm products. The Trade Expansion Act of 1962, which gets its first use in this forthcoming Sixth Round of GATT negotiations, gives the President far-reaching authority to cut U.S. tariffs on a reciprocal basis—many by as much as 50 percent, many to zero.

Signing the act on October 11, 1962, the President called it the most important piece of international legislation affecting economics since the passage of the Marshall Plan. It has not only increased negotiating flexibility; it has also provided tighter rules on exceptions, "escape clause" procedures, taken account of the interests of less developed countries, and given the President wide powers to cope with the nontariff trade barriers that are often even more onerous than tariffs.

Experience gained under the old legislation has dictated some ways in which the new bargaining authority will be applied. Ever since 1947, the United States has been negotiating with all its trading partners in GATT at once. To this successful multilateral technique will now be added bargaining "across the board," to replace the old item-by-item method.

Provisions of the law

Heart of the act is the authority it gives the President to cut by 50 percent any duty rate existing on July 1, 1962. Based on 1961 imports, this 50-percent rule would affect about $1 billion worth of farm products.

Under the following conditions, the President may cut duties beyond 50 percent—even to zero, for the first time in U.S. tariff history:

- On any article for which the duty on July 1, 1962, was 5 percent ad valorem or less. Again based on 1961 figures, this could cover agricultural imports of $340 million.
- On any article (specifically excluding agricultural products) within a category in which the United States and the European Economic Community together account for 80 percent or more of Free World exports. However, without the United Kingdom as an EEC member, this "dominant supplier" authority covers only a few categories.
- On any agricultural commodity, in any agreement with the EEC if the President finds that such agreement will tend to maintain or expand U.S. exports of "the like" article (e.g., maraschino cherries in exchange for maraschino cherries, but not other cherries). The number of items under this authority is likely to be extremely limited.
- On any tropical agricultural or forestry product of which more than half of world output is produced between 20° north and 20° south of the Equator, and of which the United States produces no significant quantity —provided that EEC takes parallel action. This provision involves unprocessed commodities and those processed only enough for substantial marketings in world trade. It is designed to assist the trade of less developed countries, applies to U.S. imports that in 1961 amounted to $167 million.

All tariff concessions except those on "tropical products" will be staged in five annual installments, to ease the transition for U.S. firms and workers.

Reserved from negotiations are the few items on which action has been taken by or recommended to the President by the Tariff Commission under the old "escape clause" provision of the previous law, or on which he has acted under the national security provision or under his authority to make trade agreements.

The new act also authorizes various types of relief in case the granting of a tariff concession is found to be a major factor in causing or threatening serious injury to a domestic producer. Among the remedies possible are tariff increases or import restrictions, orderly marketing agreements with other countries, and "adjustment assistance," provided to individual firms or worker groups.

Some new techniques

Of special interest to agricultural trade is the stronger hand the law gives the President in dealing with the nontariff import restrictions imposed by foreign countries. These are of particular importance for agriculture, for if not reduced or eliminated they can wipe out the benefits of tariff reduction. Examples are import quotas, state trading, import calendars (limiting imports to specified periods of the year), and mixing regulations (requiring that a product contain a specified minimum percentage of a domestic commodity).

The United States will continue to abide by the most-favored-nation principle, under which it gives the same import treatment to the products of all friendly countries. But, as exceptions to this principle, the new act spells out ways for the President to handle foreign import restrictions. For example, he may impose duties or other import restrictions on the products of any country establishing or maintaining unjustifiable import restrictions against U.S. agricultural products. He may deny the benefits of existing trade agreement concessions, or refrain from extending the benefits of new ones, to any country that maintains nontariff trade restrictions—including variable import fees —not consistent with trade agree-

(Continued on page 16)

Techniques That Sell U.S. Products Abroad

By JAMES O. HOWARD, *Director Trade Projects Division, FAS*

The joint industry-government program to promote the sale of U.S. farm products in foreign markets has been a new venture for American agriculture, but some of the basic principles and techniques had already been established through years of experience by business and promotional concerns in the United States. The trade and government personnel cooperating in market development have benefited from this experience and have been able to borrow and adapt a number of time-tested techniques for market promotion overseas, as well as develop new techniques.

Like promotion in the United States, foreign market development starts with an analysis of the problem and the markets it wants to reach. The first step has often been made by study teams staffed by the cooperating trade associations and the Foreign Agricultural Service. These teams visit the countries, confer with the agricultural attachès, and talk with government officials, and various agricultural and industry groups to get all available information on the problems and opportunities in each area. When more detailed information is needed, private research firms are often employed.

Careful pre-planning

Before specific plans are decided on, target groups are selected and the amount of promotional money to be made available is determined. The market development expenditures of government and industry add up to several millions of dollars, but the amount available for any one commodity shrinks perceptibly when the total has to be divided and subdivided for many commodity programs in a dozen principal markets and many lesser markets. It thus becomes essential to target the efforts and to select techniques where maximum results can be expected with a minimum of expenditure of market development funds. Achieving a multiplier effect has to be emphasized.

A successful and relatively inexpensive technique, particularly for new programs, has been bringing teams of key leaders of foreign governments, trade associations, and business firms to this country to show them how our commodities are produced and marketed. They return home with a much better understanding of what to buy and where.

Trade team visits

This technique was used, for example, in building a market in Italy for U.S. hard wheat. Some years ago a group of leaders from the Italian wheat trade and government was brought to this country by Great Plains Wheat, Inc., and shown how our Hard Red Winter wheat could be blended with their native wheat to make good pasta products. Upon their return to Italy, they made an enthusiastic report, and the following year when Italy needed additional wheat, purchases from the United States were greatly increased.

The reverse of this technique has been visits to foreign countries by U.S. industry groups. Our poultry industry has found it quite useful.

An important phase of the market development program is in servicing the overseas trade. Technicians of the cooperating associations and FAS visit foreign users and through group meetings and visits to individual plants help solve technical problems in the use of U.S. products.

Informing and servicing the trade takes many forms. The feed grains industry has frequently teamed up with the soybean meal and tallow promoters in educational programs to inform feed users and manufacturers about the science of feeding and how the ingredients should be mixed and used for optimum production of livestock. There are also baker training schools, and instruction in the manufacture of noodles, milk products, soybean products, and other food products making use of U.S. agricultural commodities.

One of the most effective means of introducing and publicizing U.S. agricultural products has been through exhibits at international trade fairs. Since 1955, the United States has participated in over one hundred agricultural exhibits at international trade fairs and other special events attended by an estimated 50 million persons. A large number of business contacts are made at these exhibits, and the agricultural trade exhibitions make news that is widely featured by the informational media overseas.

The cooperating U.S. trade associations have their own exhibits and demonstrations of agricultural products, sometimes in conjunction with international trade fairs. Others are held at trade meetings and promotional programs in key distribution and consuming centers.

Newsmaking activities

The technique for producing newsworthy events for promotion of agricultural products has been used with great effectiveness by several of our cooperators. Cotton is a good example. Through the annual world visits of the U.S. Maid of Cotton and other special cotton promotions in foreign countries, a great deal of newspaper, magazine, radio, television, and movie newsreel publicity is generated.

Introducing new products to foreign consumers has been one of the most interesting phases of market development. A wheat team from Japan took time out to watch an American baseball game. They liked the hotdogs that were sold there, and upon returning to Japan helped intro-

duce this American custom into the Nipponese ball parks. American doughnuts are being introduced to Africa and Asia, and "American" pizza in Japan.

Numerous market development activities in England and Japan revolve around the U.S. trade centers in London and Tokyo. These were established jointly by the Department of Commerce and the Department of Agriculture as part of the U.S. trade expansion program. The centers maintain permanent facilities for exhibitions and meetings of trade groups, and the agricultural representtatives stationed at the centers work actively with the trade in developing opportunities for increased sale of U.S. farm products.

Consumer information

Educating consumers is an essential part of the market development job in many countries. In Japan, the U.S. Wheat Associates designed kitchen buses to demonstrate the uses and advantages of wheat products. The program worked out so successfully that the buses have been taken over by the Japanese Government to teach nutritional education.

Movies, film strips, slides, radio, television, leaflets, and newspaper releases have also been used with telling effect by several of the cooperating associations. These usually bring out points of information and interest that will help condition the minds of foreign consumers to expanded purchases of U.S. agricultural products.

Direct advertising plays an important role in the promotion of U.S. tobacco. The U.S. tobacco associations work with foreign cigarette manufacturers and contribute part of the advertising cost for brands using a high percentage of U.S. tobacco. These campaigns have been successful in Japan and several other countries.

A good start has been made in developing techniques for the promotion of agricultural products, but more ingenuity and hard work are needed if U.S. exports are to continue to grow. The challenge is made more difficult by the barriers being erected in the Common Market and by increasing trade promotion by our competitors.

Third Country Processing Arrangements Lift U.S. Cotton Exports to Far East

The 7,700 bales of P.L. 480 cotton recently unloaded at this Rangoon dock represent only about one-sixth of the U.S. cotton programmed to Burma this year. The remaining 50,000 bales will go to other countries to be processed into textiles for Burma.

Since 1956, in fact, most of the cotton Burma has gotten through P.L. 480 has gone first to third countries for processing. Burma pays the textile processing costs.

Third country processing arrangements have allowed recipient countries to use more U.S. cotton than could be processed by their domestic industries. Burma, for example, has only one mill which can handle about 25,000 bales of cotton each year. Because the country produces little high quality cotton, it must rely on imports. Burma plans to build more mills but even at that, the country would still have to look to imports for a large part of its textile needs.

Of the 256,000 bales of P.L. 480 cotton programmed for Burma over the past 7 years, 230,000 bales have been processed in other countries. Burma could not otherwise have utilized this much U.S. cotton.

Unloading cotton, Rangoon

Indonesia and Viet Nam have also received U.S. cotton under the same arrangement. Of the three countries, Indonesia has been the biggest importer of P.L. 480 cotton, with more than 490,000 bales processed in third countries over the last 7 years. Instead of buying finished textiles from third countries, Indonesia receives yarn which is weaved into textiles by the country's large cottage industry.

Biscuit Seminars Underway in Japan

Training Japanese bakers to make top quality crackers and biscuits from U.S. wheat is the aim of seminars underway in major Japanese cities.

Joint sponsorship of the seminars was agreed to at a meeting in Tokyo last month by Wheat Associates in cooperation with FAS, the Japanese Food Life Improvement Association, and the Japan Biscuit Association.

Though the Japanese have conducted such seminars in the past, the current series is being led by noted U.S. authority on biscuit and cracker technology, Ralph Bohn, former consultant to the American Biscuit Institute.

Attending are executives of Japan's big biscuit manufacturing companies, as well as skilled bakers. Technical information gained here will be used in training other bakers around the country through small conferences to be held this winter.

Japan's biscuit industry has had difficulty keeping its many small manufacturers posted on the latest technological advances in biscuit making. The result has been a lack of uniform high quality biscuit products. Technical seminars in Japan—under the auspices of U.S. market development programs—are filling the need for quality control, and at the same time, building a market for U.S. wheat.

Australian Raisin Stabilization Plan

The Australian Minister for Primary Industry announced in Parliament on October 17 that the Federal Government had agreed to a new dried fruits stabilization plan. However, the government rejected requests for direct financial assistance to dried fruit growers in difficulty because of low fruit prices last year and a small crop this season.

The new stabilization proposals are somewhat similar to various plans proposed in recent years, following the rejection by growers of the first one offered in 1957. The principal feature of the plan is a guarantee on the average return from seasonal sales for each variety of dried vine fruit at $11.20 per short ton below the average cost of production. Any deficiency under this guarantee is to be met from stabilization funds to be established under the scheme, or from the Commonwealth Treasury when such funds are exhausted.

The stabilization funds, one for each type of fruit, are to be created from grower contributions, equal to the amount by which returns exceed the determined cost of production plus $10 per short ton. However, there is to be a ceiling on such contributions of $20 per short ton. The maximum amount that may be accumulated in the three funds has been set at $1,120,000 each for lexia raisins and currants, and $4,480,000 for sultanas. At this point grower contributions to the funds will cease until withdrawals cause the funds to fall below this level.

To limit the Treasury liability, maximum quantities from each seasonal pack eligible for support are 12,320 short tons for lexia raisins, 15,120 for currants, and 84,000 for sultanas. These quantities are fairly representative of dried vine fruit production in recent years, and in most years should cover the entire output.

The Australian production of dried vine fruits is subject to considerable fluctuation because of weather influences, and grower incomes are often cut by low yields or heavy drying losses. Therefore, the government will not require growers to make contributions to the stabilization funds if seasonal production does not reach 8,960 short tons of currants, 6,720 of lexia raisins, or 56,000 of sultanas.

In accordance with a request from the industry, growers will be called on to approve the plan by referendum. It will be implemented by a simple majority of growers entitled to vote, rather than the two-thirds majority requirement for the previous plan. If approved, the plan will run for a 5-year term, beginning with the 1964 crop.

The basic cost of production to be used under the scheme is now being established through field surveys by the Bureau of Agricultural Economics. The referendum will probably be held early in 1964, or as soon as the results of these surveys are available and roles of growers eligible to vote prepared.

It is believed that the new stabilization plan will restore some confidence in the Australian dried fruits industry and make it easier for growers to secure adequate seasonal financing. The minimum price guarantee will allow them to budget on a more secure basis.

Danish Potato Flake Plant Opens

"The Danish Distilleries" opened a new potato dehydration plant in September at Hobro. The plant is designed to manufacture potato flakes and has an annual output of 25—35 million pounds. Some of the production will be available for export, presumably to other Scandinavian countries.

Danish consumers are acquainted with potato flakes, most of which until now were manufactured in the United States but packed in Sweden. In 1962, the United States exported 380,000 pounds of dehydrated soups and vegetables, valued at about $120,000, to Denmark, practically all were dehydrated potato products. The United States exported over 3 million pounds of dehydrated soups and vegetables to Sweden in 1962.

Ivory Coast Sets Policy on Coffee, Cocoa

The Government of the Ivory Coast has recently revised its procedures for purchasing and exporting coffee and cocoa. The purposes of this revision are to provide greater security to the small farmer and to tighten regulations covering purchases, transportation, and exports.

This system, which is in effect for the 1963-64 coffee and cocoa season, guarantees that no farmer shall be paid less than the fixed minimum price (14.8 cents per lb. for coffee; 13.0 cents per lb. for cocoa). This will result in an average increase of 1½ cents per pound for the farmer and will eliminate the previous uncertainties. To provide still greater benefits for the farmer the government is also encouraging the creation of coffee and cocoa cooperatives, for marketing as well as for production.

Only exporters who obtain authorization from the Ministry of Finance will be granted export permits by the Stabilization Fund. To obtain authorization the exporter must give a written statement that he will respect regulations for commercialization; maintain reliable records of transactions; have his home office or a branch office in the Ivory Coast; be properly licensed and free from any infractions of commercial regulations; and provide a bank bond of at least $20,000.

Japan To Buy Cuban Sugar

A group of nine Japanese firms recently concluded a purchase contract with the Cuban Sugar Mission for 87,000 metric tons (95,900 short tons) of sugar. The arrangements were made with the Cuban Sugar Mission during their recent visit.

During the spring, these import firms contracted with the Cuban Government to import 200,000 metric tons of sugar to be delivered this year. By the end of October only

about 94,000 tons had been imported; however, the remaining 106,000 is expected before July.

The trade estimates that the recent purchase will probably be all that can be made from the 1963-64 crop, in view of damage to Cuban sugarcane by Hurricane Flora. In the past few years Japan has imported about 350,000 metric tons (385,000 short tons) per year from Cuba.

Japanese Ramie Production Larger in 1962

Ramie acreage and production increased in 1963 to 3.2 million acres yielding 2.6 million pounds of fiber, from 2.6 million acres with 2.2 million pounds in 1962. Both years were below the 1961 crop despite the government's attempts to increase production to the pre-1955 level of 5 million to 10 million pounds annually. A shortage of labor for the harvest was reported to be the major cause of the recent low output.

Although imports of ramie increased from 7.8 million pounds in 1962 to 10.1 million in 1963, stocks are expected to be down by 17 percent to 2.2 million pounds by the end of 1963. Imports are principally from the Philippines and Brazil.

Malagasy Spells Out Coffee Export Policy

The Malagasy Republic has recently clarified its policy for sales of coffee to non-French areas. The Coffee Caisse (Stabilization Fund) specifies the tonnage of coffee that may be exported during a given period. Exporting houses in Madagascar submit their offers from foreign importers to the Caisse, where they are opened three times a week and sales, authorized to the highest bidder.

The Malagasy Republic's 1963-64 coffee crop is estimated at 975,000 bags (132.276 pounds), compared with 900,000 in 1962-63. January-December 1962 exports totaled 934,000 bags.

Switzerland Produces More Cigarettes

Swiss cigarette output in the first half of 1963 rose to 7,117 million pieces—a gain of 10.3 percent from the 6,455 million manufactured in January-June 1962. If that percentage increase continues for 1963, total Swiss cigarette output this year could approach a new record of about 15,000 million pieces. This compares with the previous high of 13,479 million produced in 1962.

Colombia's Tobacco Exports Up Sharply

Colombia's exports of unmanufactured tobacco during the first half of 1963 totaled 20.2 million pounds, up 43 percent from the 14.1 million shipped out in January-June 1962. Increased purchases by all major markets accounted for the gain.

Exports to the United States, at 5.8 million pounds, were 22 percent larger than those for January-June 1962. France, the second largest market, took 5.7 million pounds in the first half of 1963, compared with only 493,000 in the comparable period of last year. Larger exports to West Germany, Spain, the Netherlands, and Morocco, offset drops in purchases by the United Kingdom, Belgium-Luxembourg, and Algeria. There were no exports to East Germany, compared with 1.5 million pounds in the first half of 1962.

TOBACCO, UNMANUFACTURED: COLOMBIA, EXPORTS BY COUNTRY OF DESTINATION, JANUARY-JUNE 1961-63

Destination	January-June		
	1961	1962 [1]	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States [2]	3,779	4,808	5,843
France	1,850	493	5,713
Germany, West	3,693	3,100	3,295
Spain	—	1,007	2,792
Netherlands	484	447	1,038
Morocco	1,953	678	713
United Kingdom	1,741	398	182
Belgium-Luxembourg	263	361	129
Algeria	512	615	101
Germany, East	42	1,510	—
Others	678	692	359
Total	14,995	14,109	20,165

[1] Preliminary; subject to revision. [2] Includes shipments to Puerto Rico.

Boletin *Mensual de Estadistica,* Sept. 1963.

Italian Cigarette Output Turns Down

Output of tobacco products by the Italian Tobacco Monopoly during the first half of 1963 totaled 64.0 million pounds—down 3.8 percent from the 66.5 million produced during the same period last year.

Cigarette production totaled 57.6 million pounds, compared with 59.8 million in January-June 1962. Output of all other products, except snuff, was also down.

Sales of tobacco products during the first half of 1963 totaled 67.6 million pounds—up slightly from the 67.4 million sold in January-June 1962. The rise in sales of imported products offset the slight decline in those of domestic manufactured products.

Thai Cigarette Sales Are Up

Cigarette sales in Thailand in January-June 1963 totaled 4,993 million pieces, compared with 4,828 million in the first half of 1962. Sales of brands containing high percentages of U.S. tobacco, with the exception of Kled Thong, continued to increase. Combined sales of Gold City brands rose from 159.7 million pieces in January-June 1962 to 257.0 million in January-June 1963. These brands contain 100 percent imported leaf—mainly of U.S. origin. Sales of Samit, a brand containing 70 percent imported tobacco, rose from 443.5 million pieces in the first half of 1962 to 482.5 million.

Early this year, however, reduced blending percentages for imported leaf were put into effect, causing use of U.S. tobacco in Thai factories to drop from 5,562,000 pounds in January-June 1962 to 5,130,000 in January-June 1963. Kled Thong, the biggest seller in Thailand, now contains only 50 percent imported tobacco, compared with 55 percent formerly, and Moon, the second most popular brand contains 10 percent, compared with 15 percent. These decreases more than offset increases in the quantity of U.S. tobacco used in Samit and the Gold City brands.

Korean Tobacco Product Output Gains

Output of tobacco products in the Republic of South Korea in the first half of 1963 totaled 31.2 million pounds—up 11.4 percent from the 28 million produced in January-June 1962.

Production of cigarettes, at 20.9 million pounds, was 15.5 percent above the 181.1 million pounds produced in January-June 1962. That of smoking tobacco was 10.3 million pounds compared with 9.9 million.

Greek Olive Oil Production Up Sharply

Greece's 1963-64 outturn of edible olive oil is unofficially estimated at 223,400 short tons compared with 61,500 in 1962-63 and a record 251,000 tons in 1961-62. The prospective increase is largely the result of normal "on year" gains as affected by the biennial production cycle following the low outturn in 1962-63. Increased rainfall during the winter, spring, and early summer as well as reduced dacus fly infestations, also have brightened prospects.

The outturn from production in the major producing areas of Peloponnesus, Crete, and West Central Greece will be at a record high. However, total outturn of edible olive oil in 1963-64 is not expected to exceed the 1961-62 record because of lower production in the areas of Northern Euboea and Pelion (near Volos and Stylis) caused by last winter's freeze.

Greek olive oil exports, which increased from 3,300 short tons in 1961 to 8,888 in 1962, are expected to continue large this year. In January-April, shipments totaled 1,992 tons compared with only 763 and 103 tons in the comparable period of 1962 and 1961, respectively.

Sierra Leone Exports of Palm Kernels

Exports of palm kernels from Sierra Leone during the first 6 months of 1963 totaled 28,622 short tons, down 14 percent from the 33,328 exported in the comparable period of 1962. Exports in calendar 1962 amounted to 68,304 tons, of which 55,873 tons were shipped to the United Kingdom.

Portugal's Olive Oil Production Increases

Portugal's production of olive oil in 1963-64 is unofficially forecast at 100,400 short tons, up nearly one-half from 1962-63 but one-fifth below the 1960-61 record of 125,400 tons.

Portugal's olive oil production has been trending upward, as indicated by average annual production in 1957-58–1960-61 at 96,025 tons compared with 88,225 in 1950-51—1953-54, an increase of 9 percent. This upward trend has resulted from plantings of new trees and improved methods of disease control.

Exports of olive oil, which totaled 18,678 tons in 1962 against 5,327 tons in 1961, are expected to be down sharply this year. In January-July 1963 exports of olive oil were 4,078 tons compared with 13,445 in the corresponding period last year.

U.S. Cotton Exports Rise in September

U.S. exports of cotton (all types) rose to 635,000 running bales in the first 2 months (August-September) of the 1963-64 season. This was more than double the 303,000 bales exported in the same months a year earlier.

Exports in September were 361,000 bales, compared with 274,000 in August and 163,000 in September 1962.

Registrations for export in the 1963-64 season under the competitive bid sales program totaled 2,986,319 bales through November 4, 1963. Registrations under the 1963-64 payment-in-kind export program were 11,949 bales through November 1, 1963.

COTTON: U.S. EXPORTS BY COUNTRY OF DESTINATION, AUGUST-SEPTEMBER 1963-64, WITH COMPARISONS

Destination	Year beginning August 1				
	Average			August-September	
	1955-59	1961	1962	1962	1963
	1,000 running bales	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*	*1,000 running bales*
Austria	33	33	13	[1]	2
Belgium & Lux.	160	100	72	8	19
Denmark	17	13	13	2	2
Finland	22	21	13	1	1
France	360	300	180	24	54
Germany, West	475	204	101	8	66
Italy	416	376	192	41	61
Netherlands	124	106	71	6	13
Norway	10	13	10	1	1
Poland & Danzig	85	139	62	7	20
Portugal	28	18	7	1	2
Spain	171	155	[1]	0	[1]
Sweden	75	99	56	5	9
Switzeralnd	64	75	37	3	18
United Kingdom	525	270	139	14	32
Yugoslavia	108	175	113	3	0
Other Europe	17	9	3	1	[1]
Total Europe	2,690	2,106	1,082	125	300
Australia	54	64	41	7	12
Canada	217	397	271	17	52
Chile	35	12	24	0	[1]
Colombia	33	1	1	[1]	3
Cuba	27	0	0	0	0
Ethiopia	4	13	15	1	0
Hong Kong	134	104	79	8	24
India	184	215	198	13	2
Indonesia	30	46	51	17	0
Israel	16	10	7	[1]	1
Japan	1,154	1,028	895	58	135
Korea, Rep. of	205	300	236	4	48
Morocco	10	14	8	2	3
Pakistan	14	39	8	[1]	[1]
Philippines	64	142	108	12	13
South Africa, Rep. of	26	52	19	2	5
Taiwan (Formosa)	153	256	223	18	18
Thailand	4	30	22	4	6
Uruguay	15	11	0	0	0
Venezuela	2	16	5	0	[1]
Vietnam [2]	2	30	36	14	11
Other countries	27	27	22	1	2
Total	5,100	4,913	3,351	303	635

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

U.S. Cotton Linters Exports Increase

U.S. exports of cotton linters, mostly chemical qualities, totaled 50,000 running bales during the first 2 months (August-September) of the 1963-64 season. This is a rise of 32 percent from the 38,000 bales exported in the same months a year earlier.

Exports in September amounted to 23,000 bales, compared with 27,000 in August and 28,000 in September 1962.

Quantities exported to principal destinations during August-September 1963, with comparable 1962 figures in parentheses, were West Germany 30,000 (27,000); Japan 13,000 (3,000); Canada 3,000 (2,000); United Kingdom 2,000 (3,000); and France 1,000 (0).

Australian Meat Shipments to the U.S.

Five ships left Australia during the second and third weeks of October with 14,913,920 pounds of beef, 577,920 pounds of mutton and 15,680 pounds of variety meats for the United States.

Ship and sailing date	Destination[1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports			*Pounds*
City of Sydney Oct. 8	Charleston	Nov. 1	Beef	116,480
			Mutton	56,000
	Boston	4	Beef	226,240
			Var. meats	6,720
	New York	20	Beef	954,240
			Mutton	78,400
			Var. meats	2,240
	Philadelphia	24	Beef	179,200
			Mutton	33,600
Cap Norte Oct. 9	Charleston	2	Beef	241,920
			Mutton	33,600
			Var. meats	4,480
	Boston	5	Beef	443,520
			Mutton	168,000
	Norfolk	8	Beef	253,120
	Philadelphia	10	Beef	378,560
			Mutton	26,880
	New York	12	Beef	2,080,960
			Mutton	100,800
			Var. meats	2,240
Dorset Oct. 11	Tampa	4	Beef	1,543,360
			Mutton	33,600
	Charleston	7	Beef	669,760
			Mutton	13,440
	Norfolk	9	Beef	499,520
	Philadelphia	11	Beef	2,293,760
	New York	14	Beef	2,898,560
	Boston	18	Beef	201,600
	Western ports			
Monterey Oct. 14	San Francisco	Oct. 31	Beef	232,960
			Mutton	33,600
	Los Angeles	Nov. 4	Beef	313,600
Sonoma Oct. 15	Los Angeles	1	Beef	633,920
	San Francisco	5	Beef	434,560
	Seattle	10	Beef	185,920
	Portland	16	Beef	132,160

[1] Cities listed indicate location of purchaser and usually the ports of arrival and general market area, but meat may be diverted to other areas for sale.

Denmark Producing and Exporting More Meat

Exports of meat from Denmark thus far in 1963 have risen, and the outlook for the rest of the year is favorable, as production of pork, beef, and veal is continuing to increase.

Output of Danish pork reached a new record in 1962-63. Hog numbers on farms are gradually increasing, and it looks like another production record will be set in 1963-64. This increased output, plus decreasing Danish consumption of pork—now replaced almost entirely by that of beef and veal—has helped to make larger quantities of this commodity available for export.

The Danish canning industry expanded activities during the first half of 1963. Exports of ham and luncheon meat increased considerably, and prices have been rising. The present shortage of pork, primarily hams and shoulders in other European countries, has made it difficult for the Danish canners to maintain supplies of fresh hams for processing. This shortage could reduce total output of the canning industry during the second half of 1963.

Production and exportation of beef and veal is also higher this year. Quotas for exports of cattle and beef to West Germany have been relatively large, and the Italian market has been free of restrictions for veal and baby beef.

Argentine Meat Sales to Red China

The President of the largest meat processing concern in Buenos Aires, Corporacion Argentina de Productores de Carnes (CAP), informed reporters in late October that negotiations for the sale of beef to Communist China have entered a final stage. (See *Foreign Agriculture*, October 14, 1963.)

Japan Still a Top Market for U.S. Hides, Skins

U.S. exports of hides and skins to Japan in 1962 totaled nearly $31 million, and may be even larger this year.

There has been a rapid growth in leather consuming industries, and although there has been growing competition from manmade leathers, consumer demand for natural leather products continues very strong. About 50 percent of the hides and skins are used in manufacture of shoes, 25 percent in sporting goods and belts, and the remainder in handbags, wallets, and other miscellaneous goods. Usage in all three categories is increasing. Competition by synthetic materials has been noted, however, particularly in the handbag industry.

Japanese production of hides and skins in 1963 will be down moderately from 1962 reflecting a probable decline in slaughter of both cattle and hogs.

Second Argentine Plant To Export Cooked Beef

A packing plant in Buenos Aires has installed facilities for the production of cooked meat, meeting U.S. standards, and will soon begin exporting to the United States. This plant was purchased from a U.S. firm by a group of Argentine investors in July 1962. The new management forecasts that Argentine cooked beef exports to the United States may rise to $70 million in 1964 and that the company will have a large percentage of this trade. They expect an expanding U.S. market for canned and cooked meat products in the years ahead.

The company is installing a patented U.S. system for mechanical animal slaughter, which will be the first equipment of its type in South America. The capacity of the plant will be 300 cattle per hour. New items in the plant are facilities to utilize blood. This equipment will cook and process blood from 300 cattle per hour and 6,000 sheep per day.

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U.S. and GATT Negotiations

(Continued from page 4)

ments. And he may apply the same treatment to any country that engages in discriminatory or other acts or policies, or that maintains unreasonable (though not necessarily illegal) import restrictions.

The "adjustment assistance" provisions are a new approach to the problem of avoiding injury to U.S. producers in making tariff reductions. Under the escape clause of the old act, if an industry or even a small part of it qualified for relief, all the President could do was to apply new restrictions, raise the duty, or set import quotas. The new act also contains an escape clause, but requirements are tighter; the injury must relate to the industry as a whole, and "the major factor" must be increased imports resulting "in major part" from tariff concessions. For individual firms claiming injury, the act provides adjustment assistance such as loans, tax relief, or technical aid; for groups of workers, it provides unemployment compensation, retraining, or relocation allowances.

Actions taken under the law

U.S. Government and industry groups are moving into high gear on preparations for the first use of the new law in tariff negotiations. Now being scheduled on the basis of requests to appear are two sets of public hearings beginning December 2. The Tariff Commission hearings will be limited to testimony on the economic impact that proposed changes in U.S. tariffs and nontariff barriers would have on U.S. business, labor, and agriculture. The Trade Information Committee (an interagency group designated by the President to receive the views of interested persons) will focus more on the duty reductions the United States should seek to obtain from other countries and the nontariff trade barriers the United States should seek to have removed or modified.

The exact articles on which the United States will negotiate will not be determined until the testimony presented at the hearings—plus other available information—has been thoroughly analyzed, and the President has received the views of his Special Representative for Trade Negotiations, the Tariff Commission, and other agencies.

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